

The Bank of Ireland/ESRI Savings and Investment Index, January 2018

Table 1 - Investment and Savings Index and sub-indexes, monthly (Base=October 2017)

Month	Savings and Investment Index	Savings Index			Investment Index		
		Overall	Attitudes	Environment	Overall	Attitudes	Environment
Nov-16		95.5	100.6	90.3			
Dec-16		90.2	91.2	89.2			
Jan-17		94.8	98.3	91.3			
Feb-17		89.2	87.4	91.0			
Mar-17		96.3	100.6	92.1			
Apr-17		92.9	95.8	90.0			
May-17		94.8	95.9	93.7			
Jun-17		90.4	91.7	89.2			
Jul-17		95.1	96.9	93.3			
Aug-17		89.9	94.3	85.5			
Sep-17		98.0	102.7	93.4			
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	103.4	104.2	107.7	100.8	102.5	106.1	98.9
Dec-17	101.9	102.7	107.7	97.6	101.2	104.2	98.2
Jan-18	101.6	103.3	101.5	105.1	100.0	95.2	104.8

The Savings and Investment Index

- The overall Bank of Ireland/ESRI Savings and Investment Index aims to capture the sentiment of Irish households towards their ability to save and invest as well as the broader savings and investment environment. The Index combines two sub-indices on savings and investments to provide a broad understanding of household's views on their financial decision making.
- The monthly Savings and Investment Index remained flat at 102 points in January 2018 relative to December 2017. While there was a decrease in savings and investment attitudes, consumer's views on the savings and investment environment improved. Respondent's positive views on the savings and investments environment may be driven by two aspects: 1) continued improvement in Irish consumer finances and the labour market; 2) reduced global uncertainty and a better international trading environment.

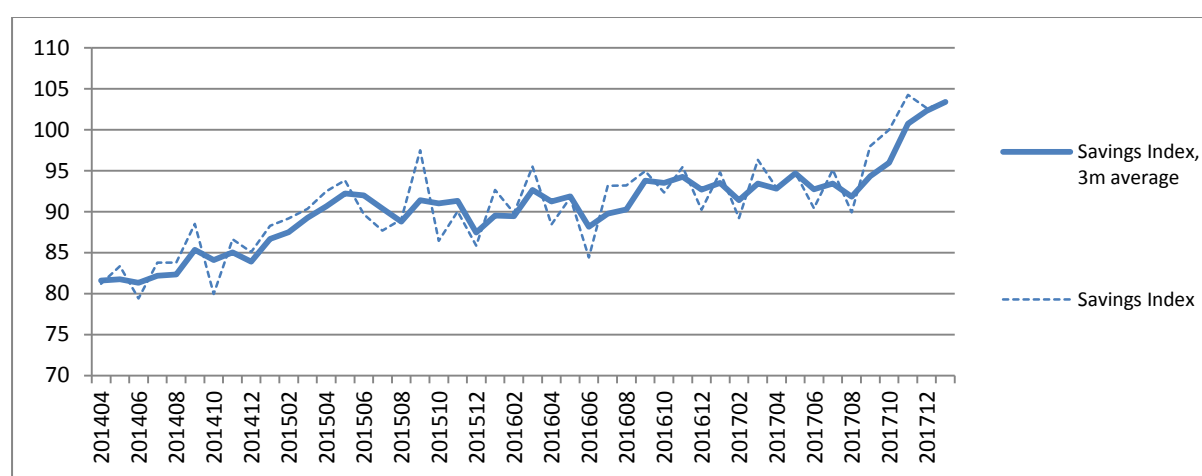
The Savings Index

- The overall Savings Index is presented in Figure 2. As the Index continues the old ESRI/Nationwide UK monitor, it is possible to track its evolution from early 2014. The chart presents the level of the Index as well as a three month moving average to provide more insight into the trend.
- While the monthly Savings Index remained constant at 103 points in January, the three-month moving average rose to 103 points in January 2018 from 102 in December 2017.

Table 2 - Savings Index and components, monthly

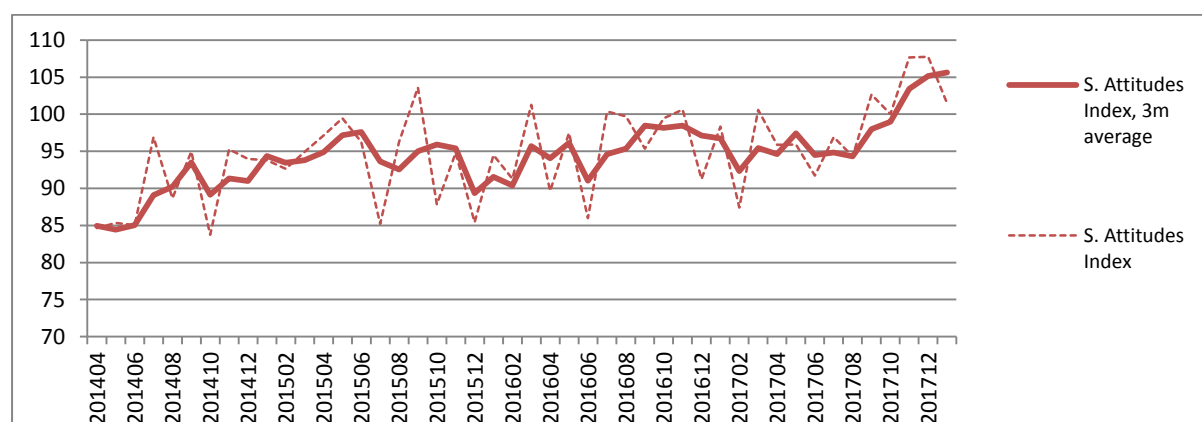
Month	Savings Index						
	Overall	Sav. Attitudes Index			Sav. Environment Index		
		Sav. A. Index	Do You Save	Savings Amount	Sav. E. Index	Good Time Save Now	Good Time Save 6 Months
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	104.2	107.7	105.6	109.8	100.8	98.8	102.8
Dec-17	102.7	107.7	105.8	109.7	97.6	97.7	97.5
Jan-18	103.3	101.5	104.3	98.7	105.1	106.3	103.8

Figure 2 - Savings Index



- The Savings Index is composed of two sub-indices: Savings Attitudes and Savings Environment. The monthly Savings Attitudes Index decreased to 101 points in January 2018 from 108 in December 2017 and the Savings Environment Index increased by 7 points to 105 in January 2018.

Figure 3 - Savings Attitudes Sub-Index

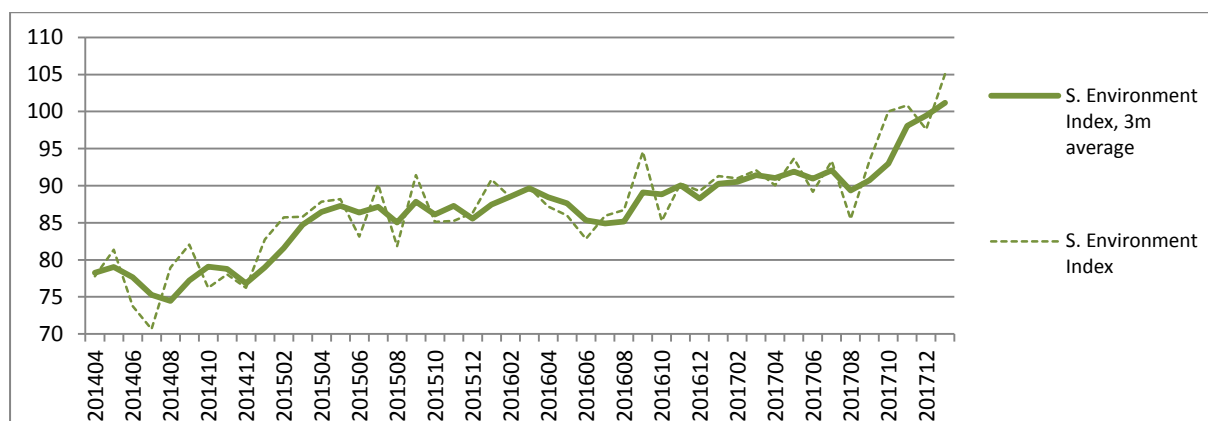


- The Savings Attitude Index is built on two questions which ask respondents about their saving behaviour and how they feel about the amount they save. In January 2018, the sub-

index capturing whether or not people save decreased to 104 points from 106 in December 2017. The sub-index capturing how much people save also decreased to 99 points in January 2018 from 110 in December 2017. The larger time gap between December 2017 and January 2018 salary payment, due to Christmas holidays, coupled with Christmas spending and January's sales season might have been an influence on consumers' saving attitudes.

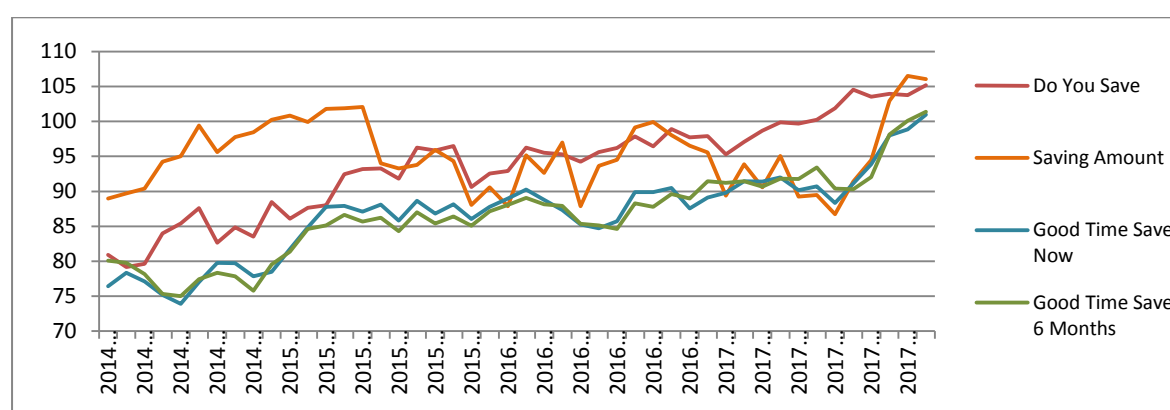
- In January 2018, about 50% of the respondents claimed to save regularly and 20% reported to save occasionally. About 39% of the respondents believe they saved the right amount, while 50% feel they saved less than they should and only 11% believe they saved more than they should.

Figure 4 - Savings Environment Sub- Index



- The Savings Environment Index is built on two questions which ask whether or not respondents believe that the current period is a good time to save and whether or not they believe that in 6 months' time it will be a good time to save. In January 2018, the former sub-index increased to 106 index points from 98 in December 2017. The latter sub-index also increased to 104 points from 98 in December 2017.
- The overall development may reflect less uncertainty about how global and economic events will play out going along 2018. As the Irish economy is growing quite rapidly and the labour market pressures are beginning to show through into wage growth, consumer confidence in the financial environment is undoubtedly rising. The European economic recovery also appears to be more sustained and the UK economy is also performing better than expected despite Brexit concerns.

Figure 5 - Savings Questions Indexed (3 Month Rolling Average)



Investment Index

- Like its savings counterpart, the Investment Index measures how consumers feel about their ability to invest and monitors their investment patterns. This is the fourth month that investment data is available and therefore only four data points of the Index are available.
- The monthly Investment Index decreased to 100 points in January 2018 from 101 in December 2017.

Table 3 - Investment Index and components, monthly

Month	Investment Index						
	Overall	Inv. Attitudes Index			Inv. Environment Index		
		Inv. A. Index	Do You Invest	Investment Amount	Inv. E. Index	Good Time Invest Now	Good Time Invest 6 Months
Oct-17	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nov-17	102.5	106.1	103.1	109.2	98.9	96.4	101.3
Dec-17	101.2	104.2	105.8	102.7	98.2	97.4	99.0
Jan-18	100.0	95.2	95.9	94.5	104.8	104.6	104.9

- The monthly Investment Attitudes Index decreased by 9 index points to 95 in January and the Investment Environment Index increased by 7 index point to 105 in January 2018. A fall back in investment attitudes could reflect households transferring resources to cover purchases and spending at this time of year.
- The Investment Attitude sub-index asks respondents about their investment behaviour and how they feel about the amount they invest. The first decreased to 96 index points in January 2018 from 106 in December 2017. The latter declined to 94 in January 2018 from 103 in December 2017.
- About 30% of the respondents claim to invest regularly and 5% report to invest occasionally. From the regular investors at least 90% invest in pension plans (while they might have other investments)
- As with savings, respondents seem to believe that January is a better time to invest when compared to December (+8 index points) and they believe that in 6 months' time it will also be a better time to invest (+6 index point).

Retirement Optimism Index

- As Ireland's population is ageing it is important for households to plan for their financial future. To understand better how Irish consumers are preparing for their retirement, a new Retirement Optimism Index has been developed which tracks the degree to which households feel they can live comfortably, and are prepared financially, for old age.
- Overall people seem to be less optimistic about their retirement. The Retirement Optimism Index decreased to 92 points in January 2018 from 100 in November 2017. The Comfort in Retirement sub-index decreased to 91 points in January 2018 from 100 in November 2017 and the Financial Preparedness sub-index also decreased to 93 points in January 2018 from 100 in November 2017.
- Consumers indicate an increased negativity in terms of how comfortably they will live in retirement with over 40% of households indicating it will be difficult to live comfortably and 36% stating that it will not be neither difficult or easy. Consumer sentiment towards how financially prepared for retirement households were was more positive with about 52% of households indicating some degree of preparation.

Chart 1 – Retirement Optimism Questions

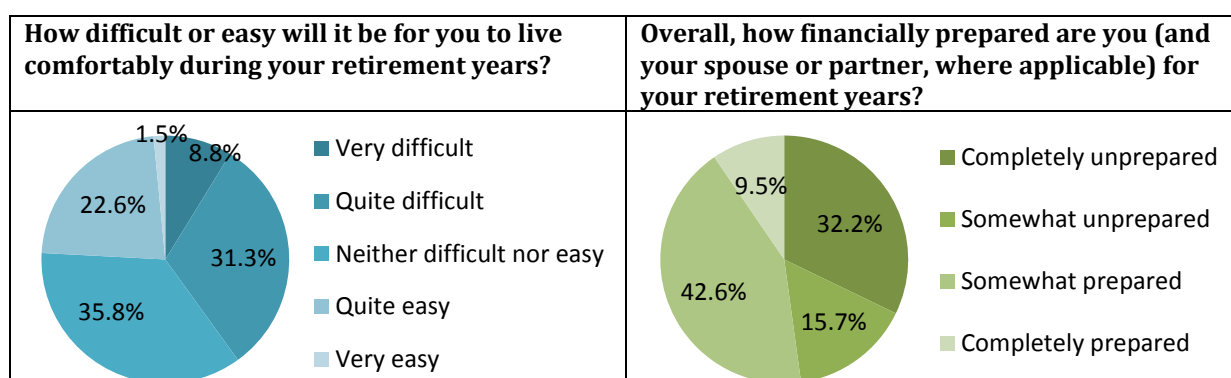


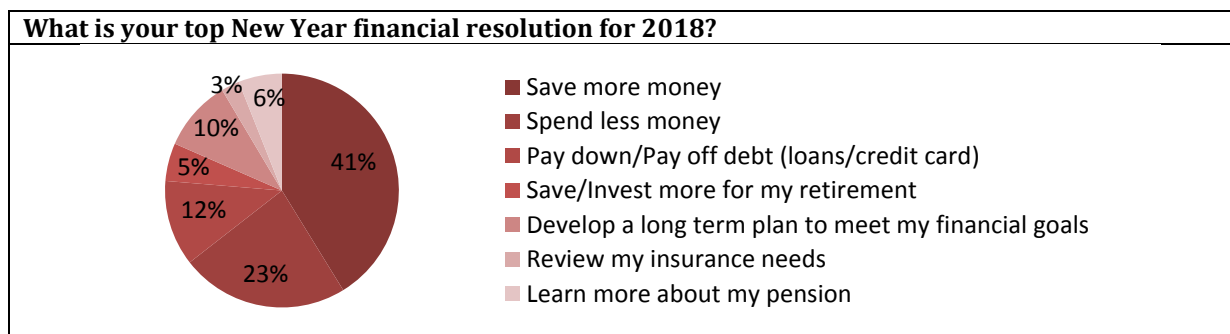
Table 4 Retirement Optimism Index, bi-monthly

Month	Retirement Optimism Index		
	Overall	Comfort in Retirement	Financially prepared in retirement
Nov-17	100.0	100.0	100.0
Jan-18	91.6	90.6	92.6

Special Topic: Financial resolution for 2018

As the special topic of the season, consumers were asked about their top New Year financial resolution for 2018 for which 7 options were given. About 41% of them said they would like to save more money, 23% to spend less money, 12% to pay off debt, 10% to develop a long term plan to meet financial goals, 6% to learn more about their pension, 5% to save/invest more for retirement and 3% to review insurance needs.

Chart 2 – 2018 Financial Resolution Questions



About the Index: The Bank of Ireland/ESRI Savings and Investment Index tracks household views on attitudes towards savings and investment as well as understanding their perspectives on the current and future savings and investment environment. Understanding savings behaviour provides insight into how households smooth consumption, plan to make big purchases and build up buffers which can be drawn down in times of economic stress. Monitoring household investment patterns gives an understanding of how they are putting their money to work, their financial diversification, and their appetite for risk. The Bank of Ireland/ESRI Savings and Investment Index also provides a risk barometer and a retirement optimism index to give insight into household risk taking and the retirement planning. These will be presented on alternate months.

The Bank of Ireland Savings and Investment Index is produced monthly from a minimum sample of 800 consumers aged 15 years and above. The ESRI carries out the Savings and Investment Index research to ensure the indices represent a national sample.

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